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SUBJECT: BELARUS WEEKLY POL/ECON REPORT - October 17, 2008

11. The following are brief items of interest compiled by Embassy Minsk.

TABLE OF CONTENTS

Civil Society

- Central Election Commission Dismisses Appeals (para. 2)
- Lukashenka Places Restrictions on Respite Programs for Children (para. 3)
- EU Suspends Travel Ban for Six Months (para. 4)
- Opposition Youth Leader Drafted (para. 5)
- Olga Kozulina's Proxy Beaten in Soligorsk (para. 6)
- BKGB Returns Confiscated Equipment to Journalists (para. 7)
- GOB Classifies High Profile Criminal Cases (para. 8)

Domestic Economy

- Belarus Counts on Subsidized Russian Natural Gas Supplies Beyond 2011 (para. 9)
- Belarus Seeks Close Cooperation with China's Multi-Billion Dollar CITIC Group (para. 10)
- National Bank Raised Refinance Rate to 10.75 Percent (para. 11)
- Belneftekhim Conglomerate Enterprises Make the Highest Profits in Belarus (para. 12)
- GOB Establishes Working Group to Counteract World Economic Crisis (para. 13)
- Broad Money Supply Through September up 22.1 Percent (para. 14)

Quote of the Week (para. 15)

Civil Society

12. Central Election Commission Dismisses Appeals

On October 13, the Central Election Commission (CEC) denied all the appeals filed by opposition hopefuls to challenge parliamentary election results in a number of districts. The CEC forwarded 24 out of 27 complaints to precinct commissions, and CEC Chairwoman Lidiya Yermoshina alleged that the rest of the opposition candidates "accepted the results". She also stated that there was "no evidence" of electoral law "massive violations".

13. Lukashenka Places Restrictions on Respite Programs for Children

President Lukashenka signed an edict on October 13 that regulates foreign respite programs for Belarusian children. NGOs will now arrange travel only to those countries that have signed international or bilateral agreements with Belarus to secure children's safety and prompt return back home. Until such agreements are enforced, only "specially organized" and most likely limited groups of children and accompanying officials will be able to visit the countries that have not yet endorsed agreements.

Moreover, the edict imposes an age limit of 14 years for the children to participate in respite programs and a separate limit of no more than three visits to a specific country, except for the states that had signed agreements with Belarus before October 1, 2008 (Italy). Such measures will allegedly prevent children and host families from getting too attached to each other.

14. EU Suspends Travel Ban for Six Months

On October 13, The European Union suspended for six months October 13 their travel ban against 36 GOB officials, including President Alyaksandr Lukashenka, citing "recognition" and "reward" of progress after the elections and release of three political prisoners. It did not remove five persons from the list over their "direct implication" in human rights violations and 1999-2000 disappearances of prominent opposition leaders and a journalist. Those five are CEC Chairwoman Lidiya Yermoshina, Interior Minister Vladimir Naumov, former Prosecutor General and State Security Secretary Viktor Sheyman, former Special Task Forces Commander Dmitriy Pavlichenko, and former Interior Minister Yuriy Sivakov. Yermoshina expressed overt indignation saying that it was "unfair, wrong", and "humiliating". Sivakov said he took the decision "calmly" and had no intentions to "travel to the Western Europe" as he spends his vacations in Belarus.

15. Opposition Youth Leader Drafted

Belarusian Popular Front Youth Wing Leader Franak Vyachorka was discharged from the hospital on October 15 after he had been summoned for extra medical examinations a week before. Doctors concluded his health condition enabled him to serve in the army, and he would be soon drafted.

VILNIUS 00000880 002 OF 003

16. Supporter of Olga Kozulina Beaten in Soligorsk

Independent media reported on October 10 that Yana Polyakova, a supporter of former parliamentary candidate Olga Kozulina and a human rights advocate in her own right, was beaten again in Soligorsk late October 9. A plainclothesman slammed Polyakova's head against the wall when she was unlocking her apartment door and threatened that she "better keep quiet". Polyakova reported her injuries to the doctors. When she went to a police precinct to testify, she felt sick again; however, an officer prohibited her to call for an ambulance and violently pushed her to the floor. Polyakova linked the beatings with her previous appeals to the prosecutors to institute criminal proceedings against police officers that assaulted her in August.

17. BKGB Returns Confiscated Equipment to Journalists

On October 13, Belarusian KGB (BKGB) officers returned the computer equipment that was seized from the Belarus-based Polish Radio Racyja journalists during raids on March 27. One of the journalists informed that the BKGB simply phoned their office urging to collect computers, a studio switchboard, voice recorders, and other equipment without "official explanations or apologies".

18. GOB Classifies High Profile Criminal Cases

Various media reported on October 14 that the Prosecutor General, State Control Committee, Interior Ministry, BKGB, and Justice Ministry jointly adopted on October 1 regulations governing the release of information regarding high profile criminal cases and crimes that allegedly undermine the GOB's authority. Only criminal law enforcement agencies and courts shall provide information to the media, especially about ongoing criminal hearings following judges' personal authorization. Belarusian Association of Journalists media experts condemned the provisions citing that they would impose wider censorship and further arbitrary limitations on independent media's access to information about sensitive criminal investigations, e.g. corruption, bribery, July 4 bombing, and other similar cases.

¶9. Belarus Counts on Subsidized Russian Natural Gas Supplies Beyond 2011

According to Belarusian press reports, First Deputy Prime-Minister Vladimir Semashko stated October 14 that the GOB welcomes Russia's decision to terminate subsidized supplies of natural gas to domestic consumers starting in 2011. Speaking at the Energy Saving and Ecology conference in Minsk Semashko also said Belarus understands Russia's subsequent intent to postpone its original decision until 2014-2015, since otherwise consequences for the Russian economy would be disastrous. The GOB wants similar treatment and hopes union state with Russia will help amend 2006 bilateral agreement on gas supplies until 2011 and beyond.

¶10. Belarus Seeks Close Cooperation with China's Multi-Billion Dollar CITIC Group

The presidential press service reported on October 14 that Lukashenka met with the Chairman of the Board of China International Trust and Investment Corporation (CITIC Group) Kun Dan. Belarus is seeking close cooperation with CITIC in finance, machine building, production of construction materials, sports and tourism. The number one project with CITIC Group, whose total assets exceeded USD 200 billion in 2007, is upgrading Belarus cement production facilities. Lukashenka stressed, nevertheless, Belarus needs high quality production machinery only and timely completion of the project.

¶11. National Bank Raised Refinance Rate to 10.75 Percent

Belarus' National Bank issued resolution 143 on October 7 to increase refinance rate from 10.5 percent to 10.75 percent. The Bank plans to raise the rate to 11 percent before the end of the year. As a result, Belarusian banks are expected to issue 14-17 percent interest rate loans and pay 11-14 percent interest on savings accounts.

¶12. Belneftekhim Conglomerate Enterprises Make the Highest Profits in Belarus

Belarus' Finance Ministry Securities Department published on October 14, 2008 the list of Belarus' most profitable joint stocks in the first six months of the year. The top five on the list are industries belonging to Belneftekhim conglomerate. Belarus' two oil refineries, Naftan in Novopolotsk and oil refinery Mozyr, are the largest Belneftekhim holdings.

¶13. GOB Establishes a Working Group to Counteract World Economic

VILNIUS 00000880 003 OF 003

Crisis

First Deputy Economy Minister Pyotr Zhabko announced October 15 that the government had established a working group to lessen the effects of the world economic crisis on the country's economy. The group monitors the situation closely and, if need be, will come up with preventive measures. The GOB believes exports may be jeopardized first.

¶14. Broad Money Supply through September up 22.1 Percent

According to National Bank statistics issued October 16, the country's broad money supply increased through September by 22.1 percent to the equivalent of USD 14 billion. Cash money supply (M0) grew 27.9 percent; cash money and savings deposits (M1) grew 20.7 percent; M1 and other time deposits (M2) increased by 22.5 percent.

Quote of the Week

¶15. United Democratic Forces (UDF) leaders met with Polish Deputy Foreign Minister Andrzej Kremer on October 13 and voiced their support to EU decision to suspend visa ban for 36 of Belarus' senior

officials. Commenting the UDF decision to Belapan news agency, United Civic Party chair and UDF leader Anatoliy Lebedko said:

"The only reservation UDF had about the EU decision was regarding Lukashenka. This was premature. Alyaksandr Hryhorevich sold something that had no value, i.e. his rhetoric, which was not supported by facts and deeds."

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